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INDEX

TO THE

PROCEEDINGS OF THE MADRAS LEGISLATIVE COUNCIL

MADRAS RECORD OFFICE
28 MAR 1938

FIRST SESSION OF THE THIRD LEGISLATIVE COUNCIL

1st, 3rd, 4th and 5th March 1927.

Volume XXXIV

PAGES

A

Abdul Hamid Khan, Mr.—
Budget, general discussion of the — 258-260

Abdul Hye sahib, Mr. K.—
Budget, general discussion of the — 180-181

Abdul Razack Sahib Bahadur, Khan Bahadur S. K.—
Budget, general discussion of the — 302-303

Acts assented to by His Excellency the Governor-General—
Local Boards (Amendment) Act 61

Adinarayana Chettiyar, Mr. T.—
Demand for supplementary grant—
Civil Veterinary services 78-79

Admission Committees—
Question *re* — to Government Colleges 50

Adult education—
Question *re* — in the Presidency 52
See Depressed Classes Mission, Mangalore.

Agricultural Demonstrators—
Question *re* — 56-57

Agricultural schools—
See Andhra districts.

Anantapur—
See Takkavi loans.

Anantapur district—
See Resettlement.

Anantapur town—
Question *re* munsif's court for — 35

Anchetti village—
Question *re* grievances of ryots in — 42

Andamans—
See Mappillas.

Andhra districts—
Question *re* new agricultural schools in — 242

Andhra University—
Question *re* representation on the Legislative Council for the — 39
Question *re* Senate House for — construction of 51

Andhra University Senate—
Members elected to the — by the Legislative Council 61

Aranha, Mr. J. C.—
Question *re* assignment of lands to — 40-41

[1st March 1927

for the reduction of a uniform sum of Rs. 100. Token motions by Leaders of Parties will be given precedence over similar motions by other Members. Token motions will be given precedence over motions for effecting economies.

"I may also mention that motions for the reduction of an item in a grant must have reference only to that particular item and not to the whole policy of the Government on other items also.

"For the convenience of hon. Members, blank forms of motions have been printed and are available in the office. They can be obtained by any hon. Member on application to the Assistant Secretary. It is requested that all the details required in the form will be duly filled in by hon. Members.

"Lastly, I should like to remind hon. Members, of proviso 2 to Standing Order 53 under which motions for the omission of an item in a grant or for the reduction of a grant or an item thereof shall be received up to 3 p.m. of the third day after the close of the general discussion of the budget, i.e., up to 3 p.m. on the 8th. Although proviso 3 of that Standing Order gives me discretion to admit new motions subject to such shorter period of notice as I may think fit, it is my intention to use this discretion only in cases where motions for omission or reduction are necessitated by reason of any event occurring after the 8th March."

VII

PRESENTATION OF THE BUDGET FOR 1927-28.

The hon. Mr. T. E. Moir :—"Mr. President, Sir, in placing before the Legislative Council the Budget Estimates for the financial year 1927–1928 it is my intention in accordance with established custom briefly to review in the first place our financial fortunes in 1925–1926 for which the final figures are now available, and then to set forth the position as it will stand on the 31st March 1927 so far as it is known or can be estimated on the basis of the nine months figures which are at our disposal before dealing with our anticipated resources and proposals for utilizing them in 1927–1928.

"It will, I think, be to the greater convenience of Honourable Members if matter relevant to the Revenue accounts of these three years with which we are concerned is presented first and in consecutive form and then similarly all matter arising out of our Capital and Debt heads, their inter-relations being referred to where necessary. This is the only innovation in this year's speech introducing the Budget to which I need draw attention.

REVENUE ACCOUNT.

Accounts of the year 1925-1926.

"2. The Revenue account of the year 1925–1926 opened with a balance of ·12 lakh. The Budget Estimate anticipated a revenue of 1,651·79 lakhs, and an expenditure of 1,622·21 lakhs increased to 1,649·18 lakhs by supplementary grants sanctioned during the year

1st March 1927]

out of the remission of the contribution. The actual revenue was 1,693·60 lakhs and the expenditure 1,595·23 lakhs and the closing balance 98·49 lakhs.

"Under Revenue the increase of 41·81 lakhs was due to special non-recurring credits from the Government of India amounting to 19·71 lakhs under Pensions and Miscellaneous, to an additional recurring assignment of 4·84 lakhs sanctioned by the Government of India during the course of the year in respect of unified stamps, to a non-recurring item of about 13 lakhs, inclusion fees in the West Godavari and Kistna districts for which credit had not been taken in the budget, and to an improvement of about 7 lakhs in the Land Revenue collections owing to a favourable season. There were also special credits under Civil Works amounting to about 2 lakhs, while Incometax, a head not under our control, gave 4½ lakhs under Devolution Rule 15 where nothing had been anticipated.

"On the other hand increased expenditure on repairs to irrigation works reduced revenue by 7·14 lakhs, Excise revenue fell short of the budget estimate by 4·88 lakhs mainly due to decreased consumption of country spirits, while book transactions in connexion with the commercialization of the Mount Stuart and Nilambur forests reduced revenue by 3·06 lakhs with a corresponding reduction in expenditure. Minor variations account for the small difference between the totals of these main items.

"Under the Expenditure heads a decrease of 3·44 lakhs under Land Revenue resulted from the appointment of tahsildars in connexion with records maintenance being delayed and from savings in respect of revenue inspectors and settlement parties. A reduction of 4·19 lakhs under Forests was mainly due to the commercialization of certain undertakings. Expenditure under Education fell short of anticipations by 6 lakhs mainly due to savings in the pay of teachers, on stipends, scholarships, and grants-in-aid to secondary schools. Under Public Health the allotment for the Bellary water-supply scheme was not fully expended and local bodies failed to utilize a considerable amount of the grant of 6¼ lakhs for rural water-supply, the short expenditure amounting in all to 4·81 lakhs. A decrease of nearly 3 lakhs under Industries was due to the cessation of manufacture in the Fruit Preserving Institute, the commercialization of the Madura Industrial Institute and other savings. Under Civil Works a decrease of 4·80 lakhs was largely due to local boards failing to utilize a grant of 6¾ lakhs for village communications and to the part lapse of the provision made for Government buildings. Interest charges were reduced by 2·66 lakhs. Our borrowings in 1924-1925 were reduced and a change in the date of

repayment resulted in an increase in the repayment of principal and a reduction in the amount adjusted under interest. A reduction of 5·74 lakhs under Police was due to temporary short recruitment and to the reallocation of Police divisions. Under Pensions a reduction of 4·06 lakhs was mainly due to the pensions paid at the Bangalore and Trivandrum treasuries being correctly debited to the Central Government. Lower market prices and various economies reduced Stationery and Printing charges by 4·26 lakhs. The Lee Commission concessions cost $3\frac{1}{2}$ lakhs less than was anticipated. On the other hand, we had to pay in March 1926, 2·06 lakhs for opium for consumption in the first quarter of the current year; repurchase of the Pykara concession and the investigation of hydro-electric schemes cost 2 lakhs.

Estimates of 1926-1927.

"3. Turning now to the Budget Estimates for the current year, they anticipated a revenue of 1,634·20 lakhs and an expenditure of 1,710·66 lakhs, leaving a deficit of 76·46 lakhs. Further demands which were voted by the Legislative Council involved an addition of 12·11 lakhs to the expenditure heads and a reduction in revenue of ·17 lakh. This would have resulted in a total deficit of 88·74 lakhs, but a further remission of 57 lakhs in the Provincial contribution reduced this figure to 31·74 lakhs.

"Our revenue is now estimated at 1,654·03 lakhs or 20 lakhs, in excess of the budget estimate. A decrease of $6\frac{1}{2}$ lakhs under Land Revenue and of half a lakh under Registration is more than made good by an increase of $19\frac{1}{2}$ lakhs under Excise, of nearly a lakh under Stamps, of nearly 2 lakhs under Forests and of half a lakh under Taxes on Income, while minor variations, *plus* and *minus*, under departmental receipts, Interest and Miscellaneous are expected to show a net improvement of 4 lakhs.

"4. These figures relate only to the fluctuations within the year so far as we can at present gauge them. The Legislative Council may wish to know, with reference to these annual variations, whether there is any fixed standard of comparison by which we can judge one year by another or, what is more important, estimate the normal expansion of our revenues. There are four factors which complicate any attempt to arrive at such a standard. In the first place, the level of taxation must be the same and that restricts any comparison to the series of years beginning with 1922-1923 in which year the enhanced rates for stamp duties, court fees and registration fees came into force. In the second place, alterations or technicalities in the structure of the accounts have to be taken into account. As regards alterations, the most important concerns Opium. From 1925-1926 the gross sale-proceeds are shown as revenue, the cost

1st March 1927]

price paid to the Government of India being shown as expenditure; previously, the net profit alone was shown under receipts. Again, in the case of Irrigation works for which capital and revenue accounts are kept, the working expenses are shown as a deduction from the departmental receipts. As they vary from year to year and represent expenditure, they have for purposes of comparison to be added to the expenditure figures instead of being shown as a reduction from receipts. Thirdly, almost every year shows its own special credits which are either restricted to the particular year or to a fixed number of years and then cease or recur at regular or irregular intervals. As examples may be cited ayacut inclusion fees in the Kistna and West Godavari districts which no longer exist, occasional adjustments of claims against the Government of India and receipts from pearl fisheries. Items falling under these categories are more or less capable of adjustment. The remaining factor is much more intractable. We talk of the gamble in rain, and at the same time use phrases which attribute to the seasons normality or divergence therefrom. In truth there is no normal season. The term may be predicated in a general sense of a particular tract or even district, but the Presidency is too vast and its geographical distribution too varied for the conditions of any particular season to operate equally throughout. A general statement is all that is possible and even such a general statement cannot be expressed in a definite revenue figure. The vicissitudes of each season set up tendencies favourable or the reverse to our revenues, but these tendencies do not affect each source of revenue equally or simultaneously nor is their operation confined to the financial year in which they first declare themselves. In a word, even if we could isolate a particular financial year as representing normal seasonal and economic conditions its revenue expression as disclosed by the financial accounts would be disturbed by influences carried over from previous years.

"But making such adjustments as are possible, the revenue of 12-15 p.m.
1922-1923 was 1,634·44 lakhs, of 1923-1924, 1,678·01 lakhs, the increase being mainly under Excise and Stamps while Land Revenue declined, of 1924-1925, 1,676·74 lakhs, a heavy fall in Excise and Income-tax being almost counteracted by increases under Land Revenue and Stamps. The adjusted figures for 1925-1926 are * 16,99·48 lakhs or, if a sum of 10·46 lakhs representing the reduction in the outstanding balances of Land Revenue be excluded, 1,689·02 lakhs. We have thus an increase of approximately 54½ lakhs in three years or an average of about 18 lakhs a year, this in itself accompanied by fluctuations especially under 'Excise' which do not admit of adjustment to any norm.

* Excludes special credits aggregating 16·70 lakhs, mainly inclusion fees in the West Godavari and Kistna districts, about 13 lakhs.

part of the year in 1926–1927. An additional sum of 5·83 lakhs is required for the normal development of our accepted educational programme. Other recurring items, including $1\frac{3}{4}$ lakhs for the improved maintenance of agency roads transferred to the Public Works Department, account for approximately 5 lakhs. The total additional recurring expenditure is therefore $50\frac{3}{4}$ lakhs. Additional non-recurring expenditure amounts to 38·87 lakhs, the main items being an increased provision of 15·91 lakhs for Civil Works in progress on which larger expenditure will be incurred in 1927–1928, 5·52 lakhs for the maintenance of irrigation works and 9·51 lakhs for roads and bridges. In brief, our ordinary recurring expenditure at the close of the coming financial year will have increased by $50\frac{3}{4}$ lakhs and if our revenues remain stationary there will be a residue of only 39 lakhs from which to meet such increases under incremental scales, pensions and debt charges as will fall due in 1928–1929. When these have been provided for, little will be left for new commitments.

"8. Reference may now be made to the principal new items for which we have provided in the budget of the coming year. From the financial point of view, these proposals are classified as 'non-recurring' and 'recurring'. A 'non-recurring' item of expenditure, e.g., the construction of a bridge, may take more than one financial year to carry out, but once completed in itself involves no further liability; a 'recurring' item is one which adds to the permanent charges, e.g., the opening of an additional court or of a new school. Schemes involving a recurring expenditure of 14·93 lakhs and a non-recurring expenditure of 76·37 lakhs in 1927–1928 were placed before the Finance Committee which gave special preference to schemes requiring an expenditure of 80·68 lakhs in 1927–1928 and a total commitment of 20·67 lakhs recurring and 213·95 lakhs non-recurring. These schemes together with a few minor proposals to which greater importance was attached by the departments concerned have been incorporated in the Budget. The Medical department and its twin sister, the department of Public Health, get a generous share of what is available, a total of 20·07 lakhs. The outstanding items are the remodelling of the General Hospital, Madras, and a new Headquarter Hospital, Madura. These two items, essential and belated though they be, conceal under a modest provision of 3 lakhs a total liability of 51 lakhs, and preclude our undertaking further big schemes of this kind for some years to come. Under Education a recurring expenditure of 4·99 lakhs and a non-recurring expenditure of 9·35 lakhs involve a total commitment of 24·32 lakhs. Buildings and equipment and grants for these purposes account for 6·97 lakhs and a liability of 13·71 lakhs, the opening of additional elementary

1st March 1927]

schools will require 4·33 lakhs, and so rapidly is the demand for trained teachers exceeding the supply that a provision of 1·46 lakhs for training facilities has been found necessary. Under other departments a quiet extension of existing policies and programmes is the main feature; for example the activities of the Labour department will expand in its present sphere and be extended to two additional districts, it is proposed to open more sub-registry offices and veterinary dispensaries, and to make further progress with the housing of our police subordinates. Under Civil Works I ought to make reference to the construction of a bridge over the Cauvery near Sivasamudram to replace the historic and interesting structure which had withstood the floods of centuries to go down at last with others of much more recent date in the great flood of 1924. Its successor will cost 4·15 lakhs. A beginning will be made with the buildings required for the new district of West Godavari, and a co-ordinated programme for the improvement of communications in the Agency tracts initiated.

"The eye of each of our departments is apt to be larger than its digestive apparatus, and it is not possible for us to meet every demand put before us, but none can complain of stagnation and the quiet consolidation of the somewhat rapid developments of the last few years will make large calls on their administrative capacity. But while they look for new worlds to conquer we have to find the means to liquidate the victories they have already won. I have pointed out that to maintain our establishments on their existing scale will absorb much of the annual growth of our revenues for some years to come. Our other commitments are mainly in respect of works under construction and grants to local bodies. That they are somewhat formidable will be realized when I say that if on the 31st March 1928 we refused to accept any new schemes or further liabilities the balance of revenue commitments in respect of the former would amount to 141½ lakhs and of the latter to 64½ lakhs, that is to say, nearly four times the average amount we have been able to provide for such purposes from our revenues during the last three years.

Seasonal Conditions.

"9. Before turning from the Revenue section of our Budget I may be allowed a reference to the seasonal conditions which have affected our prospects and made it necessary to take a somewhat subdued view of our spending capacity. The Revenue head most directly affected is Land Revenue. In 1925–1926 the gross demand, excluding ayacut inclusion fees but including 57·18 lakhs, the opening balance, was approximately 821 lakhs, remissions amounted to 7·82 lakhs and actual collections, after deducting adjustments 5·59 lakhs and refunds 12-30 p.m.

3·51 lakhs, amounted to 757¾ lakhs. For the current year the revised estimate is approximately 822 lakhs gross demand, adjustments 1·67 lakhs and refunds 7·48 lakhs, remissions 18·04 lakhs and net collections 740·05 lakhs. Apart from the increase in remissions the uncollected balance is expected to exceed that of the previous year by 8½ lakhs. These adverse influences will affect 1927–1928 also, even assuming a return to ordinary conditions, for of a gross demand exceeding that of 1925–1926 by 10 lakhs actual collections are expected to be 3 lakhs less, and the uncollected balance to increase by another 9 lakhs to 64 lakhs against 46¾ lakhs in 1925–1926. Past experience shows that much of these uncollected balances become remissions and are permanently lost.

"10. It is a matter of great regret that an unfavourable season should have reduced our resources, temporarily affected the spending power of considerable sections of the community, and diminished employment. But I would deprecate an undue exaggeration or pessimism which is likely to have unfavourable psychological reactions, to encourage the withholding of supplies from markets and to justify and thereby to intensify on the part of dealers in grains and other essentials a natural tendency to timidity and caution which is apt to square with their conception of their own interests. After all, we are not inexperienced in unfavourable seasons or lacking in the machinery to deal with them. We have had a series of seasons which have been on the whole favourable and added to the general resources of the ryots and there is no reason to suppose that there will be any insufficiency of food supplies. Here to-day we are concerned with the part which the State can play in alleviating distress. And it is comforting to think that we are not compelled to reduce that programme of works which provides employment to the country. On the contrary under irrigation works, under minor irrigation works and civil works our budget for 1927–1928 provides for an additional expenditure of 41 lakhs. Our increased expenditure under capital works will also provide further employment for the labouring classes, and, as Honourable Members are aware, our Railway Companies have under execution a programme of construction and extension which will materially help in providing employment. From information kindly placed at my disposal by the Agents of the Madras and Southern Mahratta and South Indian Railways, I understand that there will be a total expenditure in 1927–1928 on lines in progress and new lines or other works to be constructed, exceeding 4 crores, and that direct payments to labour in the shape of wages will be at least one-third of that amount. The local of these undertakings is of course definitely determined and although they will attract certain classes of labour from elsewhere they cannot be shifted to other areas with

reference to local conditions. Our policy in regard to areas where lack of employment declares itself is as far as possible to co-ordinate our measures for providing it with the programmes of local bodies, and by anticipating and expanding these programmes to obtain as much advantage or benefit from our expenditure as the conditions under which we work will permit. It may be that in some areas the limits to which this policy can be adopted will prove inadequate and that relief works on that larger and more concentrated scale which the Famine Code contemplates will be required. In that case we shall not hesitate to have recourse to them. As regards the resources at our disposal we have 30·57 lakhs in our Famine Insurance Fund, a further payment to the fund of 6·61 lakhs in 1927–1928, and we may hope that this will prove more than adequate to meet all requirements until a timely South-west monsoon enables local agricultural operations to be resumed. As our next line of reserve we shall have a revenue balance of 40·91 lakhs on which to draw. Should that in turn be exhausted we shall have to ask the various departments to adapt their programmes of new expenditure to the imperative need to provide employment on as large a scale as possible where it is most required. It is unnecessary to say more now. The measures indicated go much beyond anything we need at present contemplate as likely to be necessary.

CAPITAL AND DEBT HEADS.

"11. It is now necessary in order to complete this review of our financial position and programme for the coming year to deal with transactions under the capital and debt heads. As Honourable Members are aware since the 1st April 1925 these operations are financed from the Provincial Loans Fund, and cover two classes of loans, the borrowings of the Local Government on its own account, and its borrowings on behalf of others. These borrowings are again each divided into two categories, productive and unproductive, the rate of interest on the latter being ½ per cent higher. Under the former category come productive irrigation works, capital expenditure on fully commercialized concerns, and loans by the Provincial Government to cultivators, to local bodies and port trusts and to co-operative societies. Loans taken by Government are usually repaid out of revenue in equated payments. These loans so far as they are on behalf of others are repaid similarly in equated payments by the borrowers. We thus have every year a varying amount of recoveries in respect of principal available for fresh loans and for capital expenditure and our net borrowings are equivalent to our gross requirements *minus* the anticipated repayments.

"12. In 1925–1926 there was an opening balance of 16·17 lakhs and recoveries of advances amounted to 37·97 lakhs; an advance of 88·61 lakhs from the Fund raised our total resources to 142·75 lakhs, disbursements amounted to 101·80 lakhs on productive and 16·77 lakhs on unproductive purposes, and the total balance, the opening balance for the current year, was 24·18 lakhs. An expenditure of 8·44 lakhs on the Cauvery-Metur project signalized the inception of a scheme of the first magnitude which will greatly increase our borrowings in the next few years. At present by arrangement with the Government of India we only pay simple interest annually on our borrowings for this project, the repayment of capital as a long term loan will commence only when the project becomes a revenue producing asset.

"The Budget Estimate for the current year amounted to 243·72 lakhs, the opening balance and anticipated recoveries providing 54·63 lakhs of this amount. An advance of 201·76 lakhs from the Provincial Loans Fund distributed as follows, Cauvery-Metur project 1 crore, Pykara Hydro-electric Scheme 10 lakhs, other productive purposes 91·76 lakhs, raised our resources to 256·39 lakhs giving a small balance of about 12 lakhs for contingencies. The provision of 10 lakhs for the Pykara scheme was based on the anticipations of the Public Works Department that this further important scheme for the development of our resources would be sanctioned and commenced within the year. The revised estimate of total expenditure is only 198·58 lakhs or 45·14 lakhs less than the estimate. The examination of constructional and other problems in connexion with the Metur project has taken longer than was anticipated and expenditure will amount only to 54·27 lakhs, while no capital expenditure will be possible on the Pykara project which is still under investigation. Short expenditure under these two heads will therefore amount to 55·73 lakhs. We have, however, increased our loans to municipalities mainly for electric lighting schemes by 8·11 lakhs and an additional provision of 7·20 lakhs for the payment of the commuted value of pensions, an item now met from loans, together with minor variations under other items will bring the total expenditure to 198·58 lakhs as stated and leave a balance of 57·81 lakhs with which to open the account for 1927–1928. With the requirements of that year I now propose to deal. The estimated expenditure under the Metur project is 129·39 lakhs and under the Pykara scheme 6 lakhs. Other productive purposes including new schemes placed by the Finance Committee in Class II will require a total provision of 111·88 lakhs. 21·60 lakhs is provided for other irrigation works including one lakh towards the construction of the Kattalai bed regulator, 47·70 lakhs for advances to local authorities and

1st March 1927]

26·21 lakhs for advances to cultivators. Under 'unproductive' loans amounting to 27·64 lakhs, the main item is 11·81 lakhs provided for civil works not charged to revenue. These works were initiated out of loan funds at a time of financial stringency. Strictly speaking, they ought to have been met from revenue; the financial result was the same; we borrowed at the same rate for capital expenditure as if the expenditure had been charged to revenue and gone to create a revenue deficit or to reduce revenue balances. Then we have 9·90 lakhs provided for the payment of commuted value of pensions, 4 lakhs for loans under the State-Aid to Industries Act and 1·54 lakhs for the acquisition of house-sites for the depressed classes. Our total requirements therefore amount to 274·91 lakhs and it is proposed to meet them thus: the opening balance 57·81 lakhs and anticipated recoveries 32·63 lakhs will provide 90·44 lakhs; we have asked the Provincial Loans Fund to advance us 160 lakhs, and propose to utilize for the balance 24·47 lakhs from our closing revenue balance of 65·38 lakhs, thus leaving a sum of 40·91 lakhs from which, after meeting any imperative expenditure during 1927–1928, the opening revenue balance of 1928–1929 will be found.

"13. With your permission, Sir, I propose now to set forth the extent of the commitments which underlie our Loans Budget. In doing so Hydro-electric projects must for the present be excluded. The estimates for the Pykara scheme are under examination and the manner in which it should be financed has yet to be determined. The estimates for schemes now under execution amount to 774·96 lakhs, and the balance of loans yet to be raised will on the 31st March 1927 be 624·16 lakhs. New schemes for 1927–1928 will add a fresh liability of 52·06 lakhs making a total of 676·22 lakhs of which 171·29 lakhs will be provided for in 1927–1928 by borrowings and from revenue balances. The net amount still to be raised will therefore be 504·93 lakhs exclusive of Hydro-electric schemes or other fresh commitments. The rate at which that sum will have to be borrowed depends mainly on the time which the construction of the Cauvery project will take. That everything possible should be done to expedite construction and to secure revenue under it is in the interests not only of the ryots concerned but of our future finances. Our Capital and Debt head transactions are not of course confined to schemes now under or approaching construction. We carry the past on our shoulders and the completion of a scheme does not conclude the financial liabilities to which it gave rise. Under the financial settlement we commenced the new era with a debt amounting to 985·12 lakhs. 875·26 lakhs represented old capital expenditure on irrigation works on which we pay a fixed interest charge of 29·69 lakhs. 109·86 lakhs the balance of old Provincial Loans and 12-45 p.m.

Advances is being liquidated by annual payments of 9·50 lakhs. By the 31st March 1928 we shall have borrowed an additional gross sum of 822·66 lakhs at varying rates of interest and repaid 195·22 lakhs, the amount outstanding being 1612·56 lakhs, made up as follows, capital expenditure on irrigation works and Hydro-electric schemes 1165·97 lakhs, loans and advances by the Provincial Government 366·64 lakhs, capital expenditure on commercial concerns 12·93 lakhs, and borrowings to finance revenue deficits and civil works chargeable to revenue 67·02 lakhs, this small sum representing our unproductive debt. The amount due to Government from local authorities and other borrowers will on the 31st March 1928 be 453·63 lakhs to set off against the net increase in our liabilities of 627·44 lakhs. The nature or the amount of our debt need not therefore cause us anxiety. With the exception of the small sum to which I have referred it relates to expenditure which is either now productive or will be productive or will be recouped from those to whom we in our turn have advanced loans. But the increase in our debt, however laudable the objects for which it is incurred, does cause us embarrassment in so far as it adds to our interest and reduction of debt charges which have to be met from revenues before corresponding returns begin to come in, and also in so far as we lend to others for longer terms than those within which we ourselves have to repay our borrowings for the purpose. In 1927-1928 our revenue expenditure under Interest and Reduction or Avoidance of Debt will amount to 103 lakhs against 81 lakhs in 1925-1926, that is to say, the amount available for other revenue expenditure is reduced by 22 lakhs.

Summary.

"14. Perhaps I may now be allowed to summarise the financial situation which I have endeavoured to explain in some detail. Against a revenue of 1654·80 lakhs we anticipate an expenditure of 1724·13 lakhs in 1927-1928. Expenditure on that scale is rendered possible only by the fact that we have accumulated revenue balances amounting to 134·71 lakhs. These balances once spent do not recur and represent in part unanticipated windfalls, in part expenditure in previous years less than that provided for in their budgets. We are also labouring under the disadvantages of an unfavourable season which will affect the revenues of the coming as well as of the current year. Even under normal circumstances these revenues increase but slowly and our existing commitments will for several years continue to absorb the major share of such additions to our resources. We have also large commitments under schemes of a non-recurring nature, while schemes of capital expenditure are for the present making

1st March 1927]

increased demands on our revenues in connexion with the payment of interest and the repayment of capital. It might under these circumstances be urged that there is an element of recklessness in the budget now placed before the Council. I do not deny that all these considerations give food for thought. But in the first place we may reasonably hope that next monsoon will not follow the example set by its predecessor, our commitments are not so out of our control that we cannot adjust future expenditure to our existing resources should that, as we sincerely hope it will not, prove necessary, and I am so impressed by the immense amount of ground yet to be covered in all administrative directions that I am unwilling to give the signal for reduced speed until convinced that it is essential. And here it is well to remember that our potential resources are not exhausted, though when and to what extent they will be released rests ultimately in other hands than ours although it is a matter in which a heavy responsibility rests upon our representatives elsewhere. We still pay a contribution of 165 lakhs from our provincial revenues to the Central Government. With that sum at our disposal we would have sufficient resources to meet all reasonable or possible administrative developments for the next three years. It is the peculiar misfortune of our Presidency that in its Pilgrim's Progress towards possession of its own estate it has encountered and still encounters formidable obstacles and that at each stage fresh and fierce lions roar against it.

Conclusion.

" 15. But so far as the Government of India are concerned the long fight is over. In the Budget which he produced in the Legislative Assembly yesterday the Hon'ble Sir Basil Blackett announced that if the Government of India's proposals for 1927-1928 are adopted they ensure a total recurring remission in respect of the provincial contributions of 3,50 lakhs and a non-recurring remission of 2,58 lakhs. The share of this Presidency is 116 lakhs recurring and 49 lakhs non-recurring, that is to say, our province will at last stand in full possession of its proper revenues. It would be rank ingratitude on my part if, knowing as I well do how colossal the task has been, I failed to pay a tribute to the sincerity and the determination with which Sir Basil Blackett has laboured to remove what he has termed 'a millstone round the neck both of the Central Government and of the Provincial Governments, poisoning their mutual relations and hampering their every action'. I do not ignore the lions still in the path, nor am I prone to count my chickens before they are hatched, but I fervently trust that his efforts will be crowned with success and that that success which will mean so much

to this Presidency will be secured not merely by the good-will of the Government of India, but by the active co-operation of our own representatives in the Central Legislature. I have already stated that given our own revenues we can contemplate a noteworthy and continuous development of our ameliorative programmes during at least three years, that too without any additional taxation. Such is the prospect opened before our eyes; it exceeds our most sanguine anticipations, and it is one which I venture to think this Council and the people of this Presidency will not readily forego.

"16. In conclusion it is once more my pleasant duty to record my grateful appreciation of the manner in which the Finance Secretary and his staff have discharged a task which becomes more strenuous and more complicated every year. To their capacity and zeal I am greatly indebted and feel sure that Honourable Members of the Legislative Council realize how much their labours facilitate our debates. My cordial thanks are also due to all Members of the House who during the past year have served on the Finance and Public Accounts Committees to which the department looks and not in vain for advice and support." (Cheers.)

VIII

DEMAND FOR SUPPLEMENTARY GRANT FOR 1926-27.

Grant XXIII.

*The hon. Mr. A. RANGANATHA MUDALIYAR :—" Mr. President, Sir, on the recommendation of His Excellency the Governor I beg to move that

> '*the Government be granted an additional sum of Rs.* 50,000 *under 'Grant XXIII—Civil Veterinary Services—Transferred' for the purchase of sera and vaccines required for the inoculation of cattle against rinderpest during the year* 1926–27.'

" Sir, contrary to our expectations, rinderpest was rather very severe in the current year. We had also other outbreaks to face, and they are—I hope I am pronouncing the names correctly—hæmorrhagic septicæmia and black quarter. We had made in the course of the year a provision in the budget for about Rs. 1,13,800, but as a matter of fact up to the end of December we had to exceed by a good figure the provision already made and probably the consumption of sera during the year would be six lakhs of doses for treating rinderpest, half a lakh for hæmorrhagic septacæmia and 22,000 for the disease called black quarter. The cost of all this, including that for railway freight and other expenses, would come to about Rs. 1,67,800, which means an excess of Rs. 54,000 over and above the amount already provisionally provided for. We can find Rs. 4,000 as savings under other units in the grant already provided for. There then still remains a sum of Rs. 50,000 for which I have come before the House with a demand for a supplementary grant. Rupees 6,000 can be effected under Grant XXIV Co-operative Credit and Rs. 10,000 under Grant XXII Agriculture, and the balance will be found under Grant XXX Civil Works. I beg to move the demand."

1st March 1927]

* Mr. J. A. Saldanha :—"Sir, I beg to move

'*that the allotment of Rs. 50,000 for Civil Veterinary Services—Transferred be reduced by Rs. 100.*'

"I wish to be enlightened on certain points in connexion with this extra grant. The note circulated to us is as short, as brief and as unenlightening as possible. The hon. the Minister has, I am afraid, forgotten that we are laymen and not experts in all these terminologies regarding these diseases as also about the financial provision made. After a great deal of trouble, I have found that this additional grant comes under touring establishment. At first our impression was that it came under hospitals and dispensaries, but now, after an amount of study which could have been saved if the hon. the Minister had given the particular sub-heading under which this item came—I think it would have saved about an hour's work which it has entailed on me in groping in the dark in attempting to find out what it is—we find that it comes under touring establishment. Now, assuming that it comes under touring establishments, I find that in the report for 1925–26 which the Government recently issued as also in the detailed report of the Veterinary Department which I have read somewhere else, a complaint has been made of the inadequacy of the establishment inasmuch as the authorities had to withdraw the establishment, which was meant for ordinary purposes such as inoculation and other things, to devote its time for extraordinary outbreaks.

"The result is that there has been, as has been pointed out, a decrease in the number of cases of contagious and non-contagious diseases treated by the itinerating officers. It was mainly due to the fact that they were engaged in extraordinary work consequent on a severe outbreak of rinderpest. That shows how inadequate the veterinary establishment is. I will not at present dwell on pay and other matters. This is a matter which has to be taken up next year. I do not know what steps Government have taken after they came to know of the continuous outbreak of the rinderpest epidemic to increase the necessary establishment which is essential for this purpose. For the next year, I find an increase of one veterinary assistant on a salary of Rs. 60—120. That shows that the Government is practically against providing the necessary establishments. It costs a lakh of rupees to supervise the work done and the treatment costs five lakhs. The money spent on the purchase of sera will be wasted. Either it will be used in a wrong manner or it will not be administered at all. Inoculation as such has been neglected. Government admits it. Inadequate establishment is admitted. Apart from that, I will mention another thing. We have got a number of sera. Nowadays we have got 'serum alone' and 'serum simultaneous'. I want to know what sort of serum will be specially selected. Various sera have been mentioned in the report itself. Government seems to be very chary in spending money on really efficacious sera. The effect of it is practically very little is done. There was an outbreak of rinderpest recently in the districts of Kurnool, Bellary, South Kanara, Ganjam, Kistna and Guntur. These places have been recently visited by the hon. Ministers. If they were really vigilant—perhaps they were busy receiving addresses—I want to know what really they have ascertained. I really doubt if any work has been done at all. In South Kanara, very little work can be done in the future without adequate establishment. There are five veterinary officers and they cannot attend to all the work.

"5. Turning now to our expenditure for the current year the revised estimate is 1,617·81 lakhs as against the budget estimate of 1,665·77 lakhs, a fall of 47·96 lakhs. The main savings include 2·85 lakhs under Land Revenue due mainly to delay in the appointment of the second batch of Tahsildars for the maintenance of records, and savings under revenue inspectors and survey charges. An item of 7 lakhs does not represent any real saving. In 1925–1926 a special provision of 6·25 lakhs for rural communications and of 6·25 lakhs for rural water-supply was made in the budget. The amount actually disbursed in 1925–1926 was much higher than was anticipated and appears in the accounts of that year; the balance to be paid in 1926–1927 was therefore seven lakhs less than was expected. Apart from this paper saving, the main reduction, 21·58 lakhs, arose under short expenditure in Civil Works almost entirely on works sanctioned or under construction. This of course is merely deferred expenditure. A reduction of 2·61 lakhs under Administration of Justice represents mainly savings in the pay of Civilian District Judges on leave or on other duty and in the pay of establishments. Short recruitment and reallocation of police divisions account for a fall of 4·96 lakhs under Police, while a saving of 2·67 lakhs under Jails and Convict Settlements arises from a reduction in the jail population and the utilization of excess stores of raw materials in the manufacturing departments. A short expenditure of 6·70 lakhs under Education is due to delay in the selection of a site for the Madras University laboratories, to slow progress in opening schools by local bodies and in the construction of buildings for which grants had been provided, to savings in the pay of officers and to trained teachers not being available. An increase of 4·57 lakhs under Superannuation Pensions results from adjustments of outstanding debits and credits between the Central and the Provincial Governments. If our revised anticipations prove correct the revenue account of the year will show a surplus of 36·22 lakhs and including the opening balance will close with a balance of 134·71 lakhs which will become the opening balance for 1927–1928, with the revenue budget estimates for which we are now in a position to deal.

Budget Estimate for 1927-1928.

"6. The total revenue anticipated is 1,654·80 lakhs or three-fourths of a lakh more than the revised estimate of the current year. Income-tax is expected to give us an increase of 1·88 lakhs, and there will actually be a reduction of 1 lakh in revenue heads under our own control. Petty variations under service heads and Miscellaneous account for a reduction of 1·10 lakhs. Assuming favourable seasonal conditions Land Revenue is expected to give 754·86 lakhs, an increase of 14·81 lakhs, a small increase under Stamps and Registration will give an additional $1\frac{1}{4}$ lakhs, while Interest, that is to say,